

## Fiscal Service, Treasury

## § 226.3

of bonds secured by Government obligations.

(b) *Agency authorities.* Nothing contained in this part shall affect the authority of agencies to receive Government obligations for security in cases authorized by other provisions of law.

### § 225.11 Courts.

Nothing contained in this part shall affect the authority of a court over a Government obligation given as security in a civil action.

## PART 226—RECOGNITION OF INSURANCE COVERING TREASURY TAX AND LOAN DEPOSITARIES

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AUTHORITY: Secs. 2 and 3, Pub. L. 95-147, 91 Stat. 1227 (31 U.S.C. 1038).

SOURCE: 43 FR 18972, May 2, 1978, unless otherwise noted.

### § 226.1 Scope.

The regulations in this part apply to insurance covering public money of the United States held by banks, savings banks, savings and loan associations, building and loan associations, home-stead associations, or credit unions designated as Treasury tax and loan depositaries under 31 CFR part 203. Approval of the adequacy of the insurance coverage provided to Treasury tax and loan funds shall be governed by the regulations contained herein, which will be supplemented by guidelines issued by the Treasury and updated from time to time to meet changing conditions in the industry.

### § 226.2 General.

(a) Deposit or account insurance provided by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Share Insurance Fund, is hereby recognized. Deposits or accounts which are insured by a State or agency thereof, or by a corporation chartered by a State for the sole pur-

pose of insuring deposits or accounts of financial institutions eligible to be Treasury tax and loan depositaries (hereinafter referred to as Insurance Arrangement), shall be approved as provided herein. Such approval constitutes recognition for the purpose of reducing the amount of collateral required of a tax and loan depositary by the amount of recognized insurance coverage pursuant to 31 CFR 203.15.

(b) Generally, these regulations and their associated guidelines require that an organization providing insurance maintain a corpus of sufficient value and liquidity, and/or that it have sufficient State borrowing authority, in relation to its liabilities and total insured savings (or deposits) to provide adequate security to the Government's deposits and that adequate monitoring of the financial condition of the insured institutions is conducted.

### § 226.3 Application—termination.

(a) Every Insurance Organization applying for recognition as a qualified insurer of financial institutions designated as Treasury tax and loan depositaries shall address a written request to the Assistant Commissioner, Comptroller, Financial Management Service, Department of the Treasury, Washington, DC 20226, who will notify the applicant of the data which is necessary to make application. If the Secretary of the Treasury is satisfied that:

(1) One or more institutions insured by the applicant otherwise meet the Secretary's requirements for designation as a Treasury tax and loan depositary or Federal tax depositary,

(2) The insurance provided by the applicant covers public money of the United States, and

(3) The insurance coverage provided affords adequate security to the Government's deposits, the Secretary shall recognize the applicant as a qualified insurer of financial institutions designated as Treasury tax and loan depositaries.

(b) If and when the Secretary of the Treasury determines that a qualified insurance organization's financial condition is such that it no longer provides adequate security or that it is not complying with the regulations of this part, the Secretary will notify the

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Insurance Organization of the facts or conduct which cause him to make such determination, and in those cases where the safety of the Government's funds allows, provide the Insurance Organization with an opportunity to correct the deficiency. When any deficiency has not been corrected to his satisfaction or, where the safety of Government funds makes immediate revocation imperative, the Secretary will revoke the recognition previously granted.

NOTE: For a delegation of authority to perform the functions described in §§226.3 and 226.4, see 44 FR 19406 of the FEDERAL REGISTER of April 3, 1979.

[43 FR 18972, May 2, 1978, as amended at 44 FR 19406, Apr. 3, 1979; 49 FR 47002, Nov. 30, 1984]

#### § 226.4 Adequacy of security—how computed.

(a) In qualifying Insurance Organizations, the Treasury will use a ratio (equity (net worth) of the insurance organization divided by insured accounts or deposits) to determine if the security is adequate. The ratio will be computed as determined by the Treasury, and is required to equal 0.0045 or greater for an Insurance Organization to be recognized (i.e., net worth is required to equal 0.45 of 1 percent of insured accounts or deposits).

(b) If, in the judgment of the Secretary of the Treasury, any of the Insurance Organization's assets which cannot be liquidated promptly or are subject to restriction, encumbrance, or discredit, all or part of the value of such assets may be deducted from equity in making the computation. The Secretary of the Treasury may value the assets and liabilities in his discretion.

(c) An Insurance Organization's unqualified borrowing authority from its sponsoring State will be added to its equity in making the computation because such authority is equivalent to additional capitalization. An Insurance Organization's commercial borrowing authority and its reinsurance will be disregarded in making the computation, because these are not adequate substitutes for undercapitalization.

NOTE: For a delegation of authority to perform the functions described in §§226.3 and

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226.4, see 44 FR 19406 of the FEDERAL REGISTER of April 3, 1979.

[43 FR 18972, May 2, 1978, as amended at 44 FR 19406, Apr. 3, 1979]

#### § 226.5 Examinations.

(a) Examinations by State regulatory authorities or audits by CPA firms of Insurance Organizations shall be performed in accordance with, and at intervals prescribed by, State regulatory procedures. Copies of the reports shall be submitted to the Treasury.

(b) Examinations by State regulatory authorities or audits by CPA firms of insured financial institutions shall be performed in accordance with, and at intervals prescribed by, State regulatory procedures. In addition, an adequate monitoring system shall be employed to detect those institutions with financial problems.

#### § 226.6 Financial reports.

Financial reports of Insurance Organizations shall be submitted to the Treasury at the same intervals they are submitted to State regulatory authorities. However, they need not be submitted more frequently than quarterly but, as a minimum, shall be submitted annually. The Treasury may prescribe the format of such reports.

#### § 226.7 Effective date.

The provisions of this part become effective November 2, 1978.

[43 FR 47506, Oct. 16, 1978]

### PART 235—ISSUANCE OF SETTLEMENT CHECKS FOR FORGED CHECKS DRAWN ON DESIGNATED DEPOSITARIES

Sec.

- 235.1 Scope of regulations.
- 235.2 Definition.
- 235.3 Settlement of claims.
- 235.4 Check Forgery Insurance Fund.
- 235.5 Reclamation amounts.
- 235.6 Implementing instructions.

AUTHORITY: 31 U.S.C. 3343.

SOURCE: 40 FR 6785, Feb. 14, 1975, unless otherwise noted.

#### § 235.1 Scope of regulations.

This part governs the issuance of settlement checks for checks drawn on